

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6441

BILL NUMBER: SB 305

NOTE PREPARED: Dec 16, 2009

BILL AMENDED:

SUBJECT: Alcoholic Beverage Permits.

FIRST AUTHOR: Sen. Sipes

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill allows the Alcohol and Tobacco Commission to issue a three-way permit to a restaurant in a city or town with a population of less than 25,000, if: (1) the permit applicant has a one-way or two-way permit; and (2) the permit applicant's establishment is qualified to hold a three-way permit but for the quota provisions. (Current law applies this provision only to a city or town with a population of less than 20,000.)

Effective Date: July 1, 2010.

Explanation of State Expenditures: This bill will cause an increase in administrative costs for the Alcohol and Tobacco Commission (ATC). The permit changes in the bill will require the ATC to amend rules, forms, and computer software relating to the issuance of alcoholic beverage permits in cities or towns with a population above 20,000 and less than 25,000. The amount of the increase is indeterminable. If more three-way permits are issued, the increase in expenditures may be offset as more funds are deposited in the ATC's Enforcement and Administration Fund (EAF). It is estimated that this bill will increase the number of cities or towns eligible to receive a three-way permit.

Explanation of State Revenues: *Three-way Permit Fees:* This bill could increase revenue collected from the issuance of three-way alcoholic beverage permits to businesses currently operating under a one-way or two-way permit and located in a city or town with a population between 20,000 and 25,000. The amount of the increase will ultimately depend on the number of current permit holders that apply for and are granted a three-way permit under the bill subject to quota restrictions.

The fee for a three-way permit is \$1,000, while the fee for a two-way permit is \$750 and \$500 for a one-way permit. These fees are deposited in the Excise Fund, and then redistributed 37% to the state General Fund,

33% to the general funds of cities, towns, and counties based on population, and 30% to the Enforcement and Administration Fund.

Background- According to STATS Indiana's annual population estimates, there are four towns and three cities with a population between 20,000 and 25,000. The table below shows the locations affected and the number of one-way or two-way dealer permit holders in each of these locations according to the ATC.

	Number of One-way or Two-way Retailer Permits
Clarksville	22
Crown Point	29
Franklin	20
Highland	7
LaPorte	13
Munster	6
Westfield	14

Three-way permits allow an establishment to sell beer, wine, and liquor. A two-way permit only allows the sale of beer and wine. A one-way permit can be issued to allow a dealer to sell one of the following: beer, wine, or liquor. All of these permits are required to be renewed on an annual basis.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: ATC.

Local Agencies Affected:

Information Sources: STATS Indiana, *Population Counts, Estimates and Projections*; Shirley Kirby, ATC, 317-232-2468.

Fiscal Analyst: Diana Agidi, 317-232-9867 .